III. Department of Employe Trust Funds -- Tom Korpady, Administrator, Division of Insurance Services

The Department of Employe Trust Funds requests a supplement of $290,700 SEG in 1996-97 from the Committee's appropriation under s. 20.865(4)(u) to the department's s. 20.515(1)(ut) Health insurance data collection and analysis contracts appropriation to continue development and use of the department's health care database.

Governor's Recommendation

Approve the request.

Legislative Fiscal Bureau
One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

June 27, 1996

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Employe Trust Funds--Section 13.10 Request to Provide a Supplement of $336,300 SEG in 1996-97 for the Design and Implementation of Automated Data Systems--Agenda Item IV

The Department of Employe Trust Funds (ETF) requests a supplement of $336,300 SEG in 1996-97 to the agency's s. 20.515(1)(t) appropriation which funds development costs associated with the design and implementation of automated data systems projects. This appropriation is a continuing appropriation currently funded at $0 SEG in 1995-96 and $0 SEG in 1996-97. ETF requests that the supplementation amounts for this purpose be provided from the Committee's s. 20.865(4)(u) appropriation. Supplements made from this appropriation are drawn from the available balances of the appropriate segregated fund, in this case the investment earnings of the Public Employe Trust Fund.

BACKGROUND

The Department began to plan for the development and implementation of a long-term information system upgrade project (known as the Wisconsin Employe Benefits System (WEBS)) during the 1983-85 biennium. The Legislature first appropriated funds for this purpose during the following biennium. Since the beginning of the WEBS project through the 1995-96 fiscal year, more than $6.97 million SEG has been appropriated in one-time funding for WEBS systems development activities.

The amounts originally appropriated for WEBS during the 1985-87 biennium were placed in a continuing appropriation specifically created to fund the design and implementation of its automated data systems. Funds appropriated under a continuing appropriation do not lapse at the end of a fiscal year and remain available until expended or until the funding levels are modified

by the Legislature. However, from the period 1987-88 through 1992-93, WEBS subsystem development costs were not actually budgeted as originally intended under ETF's continuing appropriation. Instead, these costs were budgeted as part of the agency's annual administrative operations appropriation with the result that one-time development costs and on-going system operating expenses were commingled.

As a result, in some years unexpended WEBS development funds (which would otherwise have remained available had they been provided in the continuing appropriation) instead lapsed at the end of the fiscal year. Consequently, some of the WEBS development expenditures required in the next succeeding fiscal year had to be drawn from amounts provided for on-going operations. This situation occasionally resulted in insufficient amounts being available for operating costs which, in turn, required ETF to seek supplementations from the Committee under s. 13.10.

The Committee attempted to address this recurring problem in the 1993-95 biennial budget by identifying ETF's specific one-time WEBS development cost funding needs for each fiscal year of that biennium and separately appropriating those amounts under the agency's continuing appropriation for automated data systems development. By appropriating WEBS development amounts as one-time items in each fiscal year, the Committee intended, among other things, that these amounts would be zeroed out as base budget items during the standard budget adjustment process used in the preparation of the succeeding biennial budget. ETF would then be required to request any new development funding based on its actual requirements for the succeeding biennium.

During the Committee's deliberations on ETF's 1995-97 budget, it was determined that no separate documentation had been developed for the agency's one-time automated data systems development project during the biennium. As a result of this analysis, the Committee acted to delete base level development funding ($348,400 SEG) in both 1995-96 and 1996-97. This action was taken with the understanding that ETF would be allowed to return to the Committee under s. 13.10 of the statutes, when a detailed budget for one-time automated data systems development had been developed.

At the beginning of the 1995-96 fiscal year, ETF had $145,600 SEG remaining in the continuing appropriation which could be used for one-time automated data systems development activities during that fiscal year. The Department estimates that by the end of the 1995-96 fiscal year, less than $5,000 SEG will remain in the appropriation for one-time development activities.

ANALYSIS

The Department's supplementation request of $336,300 SEG in 1996-97 for automated data system development activities would fund five separate of development projects. Of these projects, three would enhance ETF's ability to process requests and transactions related to Wisconsin Retirement System (WRS) annuitants and two would improve staff access and data

management capabilities relating to data currently available only through microfiche or existing WEBS subsystems. The projected development costs associated with these projects are detailed in Table 1. The system development costs identified in the table are the amounts requested by the Department in this supplementation request. The amounts identified in the table as base level administrative support costs represent base level resources which would be allocated to these projects and are not part of the supplementation request.

TABLE 1

Proposed 1996-97 Automated Data System Development Budget
(SEG Funds)

System Development Project	System Development Costs	Base Level Administrative Support Costs
Annuity Mailer Insert System	$ 14,000	$ 10,500
Retirement Annuity Calculation System	144,000	100,600
Retirement Annuity Recalculation System	33,600	24,500
General Inquiry On-line Access Upgrade	700	1,000
WEBS Data Management Enhancements	144,000	60,000[a]
TOTAL	$336,300	$196,600

[a]Estimated costs for 2.0 FTE contract programmers.

Annuitant Transaction Data Management Projects

Annuity Mailer Insert System. ETF proposes expending a total of $24,500 SEG in 1996-97 to improve the agency's ability to prepare and insert messages relating to annual dividend adjustments or other relevant benefit information. Currently, the agency is limited in the amount of material which may be generated and inserted with retiree's monthly annuity checks.

Of the total cost of the project, $14,000 SEG in 1996-97 would be funded from this supplementation request and would be used to support the costs of computer time associated with the development and testing of the new message system. This $14,000 figure is based on daily computer charges of $200 ($4,000 per month) which would be incurred by existing staff over a 3.5 month period. The Department estimates that $11,500 SEG in 1996-97 of agency staff resources and user training costs would also be required for the project. These remaining costs are currently budgeted under the agency's s. 20.515(1)(w) administrative appropriation and are not part of this supplementation request.

ETF anticipates that this project would begin in November, 1996, and would be completed during March 1997. The Department has identified modest on-going costs for the project ($700 SEG annually for currently budgeted administrative staff and $200 SEG annually for computer costs related to computer costs associated with potential system redesign activities). It is likely that these modest future costs could be accommodated within the agency's base level of funding.

Retirement Annuity Calculation System. ETF proposes expending a total of $244,600 SEG in 1996-97 to automate the calculation of retirement annuity benefits for the estimated 4,600 WRS participants who retire annually. The Department estimates that the new system would be able to draw on current participant payroll data to calculate estimated annuity benefits, thereby eliminating the manual processing currently used and reducing the likelihood of computational errors. In some cases where the participant is no longer employed by a WRS employer, the new system would be able to automatically close the participant's active account. The system would also be designed to access on an automated basis the relevant state and federal tax withholding information for the annuity account.

Of the total cost of the project, $144,000 SEG in 1996-97 would be funded from this supplementation request and would be used to support the costs of computer time associated with the development ($86,400 SEG) and the testing ($57,600 SEG) of the new annuity calculation system. These cost figures are based on the daily computer charges of $200 ($4,000 per month) which would be incurred by existing staff and assume 10.8 months of system design and development work and 7.2 months of testing. The Department estimates that $100,600 SEG in 1996-97 of agency staff resources and user training costs would also be required for the project. These costs are currently budgeted under the agency's s. 20.515(1)(w) administrative appropriation and are not part of this supplementation request.

ETF anticipates that this project would begin in July, 1996, and would be completed by June, 1997. The Department has not identified any on-going costs which would be associated with this project after the initial development and testing activities are completed.

Retirement Annuity Recalculation System. ETF proposes expending a total of $58,100 SEG commencing in 1996-97 to automate the process by which estimated annuity benefits are recalculated for annuitants where additional earnings and creditable service data is received. Currently, approximately three-quarters of all new annuitants initially receive an estimated annuity until such time as final earnings figures and creditable service information is received from the employer. In addition, annuity adjustments are occasionally required when final earnings and creditable service data is adjusted retroactively by the employer, usually due to the impact of a delayed collective bargaining agreement settlement. At present, these recalculations of estimated annuities are completed manually. It is anticipated that the new system would complete the recalculation process by drawing on the revised earnings and service figures entered into existing WEBS programs and would be able to automatically close the participant's active account once the recalculation had been completed. Where an adjustment was made due to an employer's retroactive adjustment of earnings or creditable service data, the system would determine whether the required adjustment exceeded the current statutory threshold for an annuity

adjustment ($2 per month). The system would make the necessary adjustment when the threshold was exceeded or would generate a notice to the Department's Office of the Controller that the adjusted balances should be written off if the threshold is not exceeded.

Of the total cost of the project, $33,600 SEG in 1996-97 would be funded from this supplementation request and would be used to support those costs of computer time associated with the development of the new annuity recalculation system which would be incurred during that fiscal year. (For this project, the Department estimates that the project will commence in March 1997, following the conclusion of the development phase of the earlier annuity calculation project.) These cost figures are based on the daily computer charges of $200 ($4,000 per month) which would be incurred by existing staff and assume 2.8 months of system design activity during 1996-97. The Department estimates that $24,500 SEG in 1996-97 of agency staff resources would also be required for the project. These costs are currently budgeted under the agency's s. 20.515(1)(w) administrative appropriation and are not part of this supplementation request.

As noted above, this project would begin in March, 1997, and is projected to be concluded during December, 1997. It is expected that one-time system testing costs would be requested as part of the agency's 1997-99 biennial budget request. No cost figures have yet been developed for these activities. Further, it is likely that existing staff will be assigned to the final testing and training process occurring in the 1997-98 fiscal year. Presumably, these costs will continue to be supported from base level resources.

General Inquiry and WEBS Data Management Enhancements

General Inquiry On-line Access Upgrade. ETF proposes expending a total of $1,700 SEG in 1996-97 to covert a variety of participant and annuitant data currently accessed on microfiches to data which may be accessed on-line by any authorized ETF staff member from the Electronic Report Distribution system. This system will be centrally maintained on the Department of Administration's InfoTech computer. It is anticipated that the new system will permit access to current annuity files, participant's account histories, accumulated sick leave conversion credit histories for state government retirees, closed account information and tax withholding data.

Of the total cost of this conversion project, $700 SEG in 1996-97 would be funded from the supplementation request and would be used to support costs of computer time associated with the data conversion. The Department estimates that $1,000 SEG for agency support staff would also be required. These costs are currently budgeted under the agency's s. 20.515(1)(w) administrative appropriation and are not part of this supplementation request.

ETF anticipates that this project would begin in July, 1996, and would be completed during November, 1996. The Department has identified modest on-going costs for the project ($200 SEG annually for currently budgeted administrative staff and $100 SEG annually for

computer costs related to computer costs associated with future conversion activities). It is likely that these modest future costs could be accommodated within the agency's base level of funding.

WEBS Data Management Enhancements. ETF proposes expending a total of at least $204,000 SEG in 1996-97 to undertake 16 different enhancements to WEBS subsystems. These improvements are intended to add capabilities to existing subsystems (for example, the ability to delete an incorrect Social Security number), standardize certain procedures (for example, conforming change of address statements to meet Post Office Standards) and establish a variety of editing and error correction routines.

Of the total cost of these projects, $144,000 SEG in 1996-97 would be funded from this supplementation request and would be used to support the costs of computer time associated with the development and testing of these enhancements. These projected computer costs are based on the assumption that the Department would engage 2.0 FTE contract programmers to complete these WEBS enhancement projects. The estimated computer costs are based on daily computer charges of $300 ($6,000 per month) for each of the contract programmers for a 12-month period. The Department further estimates that at least an additional $60,000 SEG in 1996-97 would be required for this project in order to hire the two contract programmers. The Department indicates that these additional contractual services costs would be funded from the agency's 20.515(1)(w) administrative appropriation and are not part of this supplementation request.

In the current 1995-96 fiscal year, ETF has provided information showing that it has undertaken more than four dozen WEBS enhancement projects and has utilized the equivalent of 11.0 staff programmers and analysts for this purpose. (This assignment of staff includes 2.0 FTE positions assigned on an on-going basis to WEBS and related systems maintenance and enhancements.) The Department is proposing that contract programmers be used in 1996-97 because current staff resources will be diverted to the various annuitant transaction projects and the general inquiry upgrade projects which would also be funded under this supplementation request.

The identified computer usage charges with contract programmers ($6,000 SEG per programmer per month) are higher that the $4,000 SEG usage charge per month which the Department has identified in its supplementation request calculations when its own staff will be utilized. The Department has explained this difference by assuming that contract employes will incur approximately 7.5 hours of computer usage per day, while in-house staff will incur approximately 5.0 hours of computer usage per day. With respect to the Department's base level funding for contract programmers, it may be noted that in the 1995-97 biennial budget, the Committee approved only $20,000 SEG annually for contract programming activities. The estimated costs in 1996-97 for the 2.0 FTE contract programmers (at least $60,000 SEG) would significantly exceed the amounts approved in the 1995-97 biennial budget for such activities. If the Committee believes that such increased contractual services expenditures should not be authorized at this time and that the issue of the overall level of contractual services spending for programming and related services should be addressed in the context of the next biennial budget,

the Committee could choose not to support at this time a supplementation for the higher cost of computer usage charges estimated for such contract programmers.

As an alternative to this particular component of the Department's supplementation request, the Committee may wish to approve a reduced funding level of $96,000 SEG for computer usage charges associated with the WEBS enhancement effort to reflect the continued use of existing programming staff rather than contract employes. The reduced funding would be sufficient to fund computer time for daily computer charges of $200 ($4,000 per month) over a 12 month period, assuming the use of two existing staff positions.

SUMMARY

The Committee originally acted to eliminate base level funding in the design and implementation of automated data systems continuing appropriation for 1995-96 and 1996-97 because no detail had been developed for proposed expenditures from that appropriation in either fiscal year of the current biennium. The agency has now developed a proposed budget for the 1996-97 fiscal year (development projects in the 1995-96 fiscal year have been funded from balances in the appropriation which remained from prior fiscal years). The Department's proposed data systems development budget for which the supplementation is being requested would fund five development projects. For the three projects which would enhance ETF's ability to process requests and transactions related to WRS annuitants and the one general inquiry on-line access upgrade project which would improve staff access and data management capabilities relating to data currently available only through microfiche, the Department's proposed expenditures appear reasonable. Consequently, the Committee may wish to approve the supplementation requests totalling $192,300 SEG in 1996-97 for these projects.

With respect to the WEBS data management enhancement activities, the Committee may wish to consider providing additional funding for computer usage charges of $96,000 SEG in 1996-97 rather than $144,000 SEG in 1996-97 as requested by the Department. This reduced level of funding would be sufficient to permit the Department to begin the system enhancements with current programming staff rather than contract employes. The Committee could then review the issue of contract employe funding during consideration of the agency's 1997-99 biennial budget.

Finally, because funding for automated systems development activities should be viewed as one-time items in each fiscal year, the Committee may wish to specify that the amounts being provided be considered one-time rather than base building. This action would then require ETF to submit a new request for continued funds in 1997-99.

ALTERNATIVES

1. Approve ETF's request for a supplement of $336,300 SEG in 1996-97 from the Committee's s. 20.865(4)(u) appropriation to the agency's s. 20.515(1)(t) appropriation [automated operating system] to fund automated data system development costs in 1996-97.

2. Approve a reduced supplement of $288,300 SEG in 1996-97 from the Committee's s. 20.865(4)(u) appropriation to ETF's s. 20.515(1)(t) appropriation [automated operating system] to fund automated data system development costs in 1996-97 and specify that funds used for the WEBS data management enhancement project support development costs incurred by in-house staff.

3. *In addition to either Alternative 1 or Alternative 2*, specify further that the supplemented funds be considered one-time funding and not base building.

4. Deny the request.

Prepared by: Tony Mason

MO# AH 283

BURKE	Y	N	A
ANDREA	Y	N	A
GEORGE	Y	N	A
DECKER	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
WEEDEN	Y	N	A
COWLES	Y	N	A
BRANCEL	Y	N	A
FOTI	Y	N	A
SCHNEIDERS	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
PORTER	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE 16 NO 0 ABS 1

IV

STATE OF WISCONSIN

Department of Employe Trust Funds

Eric Stanchfield
Secretary
201 East Washington Avenue
P. O. Box 7931
Madison, Wisconsin 53707

May 23, 1996

In Reply Refer To:

The Honorable Timothy Weeden
Co-Chair, Joint Finance Committee
119 Martin Luther King, Jr. Blvd., Room LL1
Madison, Wisconsin 53702

The Honorable Ben Brancel
Co-Chair, Joint Finance Committee
119 Martin Luther King , Jr. Blvd., Room LL2
Madison, Wisconsin 53702

Dear Senator Weeden and Representative Brancel:

The Department of Employe Trust Funds (DETF) requests approval to supplement appropriation s. 20.515 (1) (t) by $336,300 (SEG) to fund the projects included in our information technology development plan for FY97.

Background

The Department's 1995-97 biennial budget included an adjustment to transfer $348,400 annually from one-time financing in its automated operating system (hereafter referred to as information technology development) appropriation to its ongoing supplies and services budget . The Joint Committee on Finance denied this request and deleted the current base funding level of $348,400 with the understanding that the Department would return to the Committee under s. 13.101 (3) with a supplementation request based on specific information technology development project plans and respective budgets.

Information technology funds have been used to develop programs in our participant and employer subsystems which are essential for daily processing of a variety of data on participants in the Wisconsin Retirement System. These funds have been used to develop applications for the following functions:

- Enrollment and transaction processing,
- Interest crediting,
- Statement of benefits processing,
- Statistical reporting,
- Reconciliation and control,
- Qualified and domestic relations order processing,
- Creditable service posting.

As the Department has brought more projects on-line, it has devoted more staff resources to production support, maintenance and enhancements. This includes labor intensive projects to convert our programs to a new software release, merging two separate and distinct data bases into one and many other development efforts to support Department of Administration projects which standardize operations across agencies.

Rationale for Request

During the past two years, the Department has developed and refined its strategic business and information technology plans. These plans reaffirmed many of our past goals and strategies for meeting our statutory obligations and established new ones as well. To accomplish our mission, we must deliver quality services through efficient operations and effective use of information technology. Information technology will play a vital role in all our future goals and strategies.

One of the recurring themes emerging from our strategic planning efforts was the importance of giving our staff on-line access to essential information they need to do their jobs, with greater ease and less paper than the past. To serve a growing base of customers with minimal growth in staff resources, we recognize that bringing essential information to the desk top of staff can be as important as the automation of manual processes. This was not possible in the past because we did not have the infrastructure (i.e., hardware, networks, servers) in place to support such applications. However, we are now in a position to leverage our current system's capabilities and reengineer many processes to improve our effectiveness.

In January 1996, the Joint Finance Committee released funding for the agency's electronic document imaging and workflow system. This technology project has far reaching implications for how Department staff do their work. We have subsequently reevaluated the Department's information technology development plan and aligned strategic plan projects with the requirements of our document imaging system. Since our imaging project requires us to automate our workflow processes, our mainframe application development projects needed to be reevaluated and prioritized to take maximum advantage of this new technology. Consequently, the Department has prepared a reengineering plan to the year 2000 which identifies the major development projects, in addition to workflow (which is the electronic transfer of documents), that can be done with existing staff and contractual services resources. To move ahead with that plan, the Committee's approval of our supplemental funding request is necessary.

The projects that have been scheduled for FY97 are described in detail in the attachments that the Department has prepared in conformance with the Department of Administration's required information technology costing methodology. We have invested considerable staff resources in gaining internal consensus that these projects, along with the rest that are scheduled to the year 2000, are the Department's top technology development priorities. We have integrated them with

the development and implementation of our imaging system, with our strategic plan, and with the resources available to us. These projects are as follows:

- Annuity Mailer Revisions.
- General Inquiry On-line Access to Customer Information.
- Retirement Annuity Calculations.
- Retirement Annuity Re-Calculations.
- WEBS Development/Enhancements.

These projects are not the only information technology projects planned for FY97. Development of basic workflow programs for our imaging system will be accomplished with funding approved by the committee in January 1996. In addition, legislation passed in the last session, including 1995 WI Act 302 which will assure federal tax qualification of the WRS, will require extensive revision of current programs and new application development. Finally, the Department is moving to a new location later this year, and the scheduled move date has changed several times already. Further schedule changes could have an impact on the timing of some of our projects.

Summary

In conclusion, the Department asks that the Committee approve a supplemental funding request for information technology projects. The funding will allow reengineering projects to continue which have been subjected to extensive analysis by Department staff in an effort to align them properly with the document imaging project.

This request is consistent with the Committee's intent for us to submit a supplementation request under s. 13.101 (3) after we had developed a budget and plan for our projects. Dave Hinrichs, my Executive Assistant and acting Administrator of the Division of Information Technology and Joanne Cullen, our Budget Director will be appearing before the Committee on behalf of this request.

Sincerely,

Eric O. Stanchfield

Eric O. Stanchfield
Secretary

attachments

I.T. PROJECT FUNDING PROPOSAL COVER SHEET			
Agency: Employe Trust Funds		Submission Date: May 24, 1996	
Project Name: Information Technology Application Development			
Contact Person	**Address**	**Phone #**	**Fax #**
Program: Dave Stella	201 E. Washington Ave.	608-267-9038	608-267-0633
IT: Dave Hinrichs	Madison, WI 53702	608-266-3763	608-267-0633
Budget: Joanne Cullen		608-266-3960	608-267-0633

Type of Budget Request:

☐ ITIF Grant Application ☐ Biennial Budget DIN ☐ s. 16.505/515 ☒ s. 13.10

*For an **IT Investment Fund Grant Application**, fill in this information:*		
Grant FY	Amt Requested: $	Agcy Receiving Appropriation: 20. . ( ) ( )

*For a **biennial budget DIN**, attach a copy of the DIN and fill in this information:*	
DIN #	DIN Title:

*For an **s. 16.505/515 request**, attach the agency letter of request and fill in this information:*	
FY 9__ Amt Requested: $	One-Time FTE:
Ongoing Amt Requested: $	Ongoing FTE:
Agency Appropriation: 20. ( ) ( )	PR-REV Source/Type:

*For an **s. 13.10 request**, attach the agency letter of request and fill in this information:*	
FY 97 Amt Requested: $336,300	One-Time FTE: $0.0
Ongoing Amt Requested: $0.0	Ongoing FTE: $0.0
Agcy Receiving Appropriation: 20.515(1)(ut) (161, FB4)	Sending Appropriation or Fund Source: 20.515(1)(ut) (161, FB4)

PROJECT NAME: Annuity Mailer Revisions

DESCRIPTION

The Division of Information Technology (DoIT) will modify the messages on the Department's retirement annuity mailers to provide consistent and current message information. Currently, the message information that is received by annuitants may be inconsistent, outdated or unclear.

MISSION

The enhanced system will provide improved service . Currently, an average of 10% of the monthly telephone calls received by the Department are inquiries about the meaning of the messages. During the month of May, when all annuitants receive the mailer due to dividend change information, the following months have a peak of about 30% of the calls relating to clarification of error messages. Accurate, thorough, consistent and quality information on the mailers will enhance the customers' comprehension of their benefits.

PRIORITY

Enhancing the WEBS system annuity mailer component will help achieve the Department's business goal (#1 of 7) of providing immediate access to complete and accurate information to deliver timely service. It will also assist the Department in achieving its business goal (#5 of 7) of having quality and timely communication with all stakeholders. The project is not dependent on any other agency projects.

TIMETABLE

Estimated duration: 3.6 months
11/15/96 -- Perform the External Design including analysis and scope
12/09/96 -- Perform the Internal Detail Design
12/30/96 -- Perform construction (coding)
02/15/97 -- Perform system testing, identify and resolve problems
03/15/97 -- Cut-over to the automated system

TECHNICAL FEATURES

The current format of the mailer will remain the same until the annuity file is converted. The development effort will focus on message clarification and messages that are considered a "false positive," for example, "Your life insurance is cancelled." when it was not.

PROJECT COST DETAIL			
Cost Element	**Cost Item**	**FY 97**	**Ongoing**
Development/Acquisition Staff - Application Design, Program, Test, Implement, Follow-up	1 Programmer/Analyst @ $25/hr for 3.0 months (60 days = 300 hours) Ongoing 2 hrs/month at $25/hr for one year	$7500.00	$600.00
	1 User Staff @ $20/hr for 77 hours Ongoing 6 hrs in one year @ $20/hr	$1540.00	$120.00
	User training 10 hrs @ $20/hr	$200.00	----------
	Conversion of Annuity Fiche file into DB2 tables (database) with monthend refresh process 1 Programmer/Analyst @ $25/hr for 1/2 month (10 days = 50 hours)	$1250.00	----------
	CPU Costs - 1 programmer/analyst @ $4000/month for 3.5 months Ongoing CPU costs at $15/month for 1 year	$14000.00	$180.00
Total Costs		$24490.00	$900.00

PROJECT COST SUMMARY	
Cost Element	PY1/FY 1997
Development/Acquisition	$25,390.00
Total Costs	$24,962.50

INTANGIBLE BENEFITS

The clarification of messages and reduction in "false positive" errors should improve customer satisfaction by reducing the number of inquires. The Department will verify the baseline number of telephone inquiries. The data will be collected by telephone survey using a checklist. The goal would be to reduce the inquiry rate by 50%. This target is reasonable until the format can be changed to provide more detailed explanations, without a limitation on the number of explanations.

OTHER SAVINGS

The reduction in the number of inquiries related to annuitant mailer messages should free-up staff time. It is difficult to estimate the actual amount of time since the callers usually have more than one question. Any savings would be used to reduce the frequency of busy signals customers routinely receive which varies from 55-80%.

PROJECT NAME: General Inquiry On-line Access to Customer Information

DESCRIPTION

The Division of Information Technology (DoIT) will develop the system necessary to provide on-line access to:

- Annuity information
- Annual Participant Account Ledger (APAL)
- Accumulated Sick Leave Conversion Credits (ASLCC)
- Closed accounts
- 1099 R information

All of the above-referenced information is stored on microfiche.

The current process is a cumbersome method of retrieving information. Staff must first locate the microfiche, load it, adjust it for clarity and alignment, and locate the pertinent information. The lapsed time between requesting and receiving the required information from the APAL, SOB's, ASLCC, and closed accounts fiche can take 1 - 2 days.

Using the Electronic Report Distribution (ERD) system, staff would need to log on to the Department of Administration's InfoTech computer, enter the correct menu option and select the appropriate report type, month/date, and customer identification number.

One copy of the microfiche version would be produced and stored off-site for disaster recovery.

MISSION

The on-line system will be used exclusively to answer approximately 90% in-coming questions. The only process that will require additional information is the annuitant death benefit process because it requires access to the participant full record which may span 40 or more years.

The on-line system will improve the response time required to locate information, thus expediting services to our customers.

PRIORITY

On-line access to the annuity, APAL, ASLCC, closed accounts, and 1099R fiche data will help achieve the Department's business goal (#1 of 7) of providing immediate access to complete and accurate information to deliver timely service. It will also help achieve the Department's business goal (#4 of 7) of having a well-trained and knowledgeable staff.

The project is dependent on a sufficiently mature version of the ERD software.

TIMETABLE

07/01/96 -- Perform the External Design including analysis and scope
08/01/96 -- Perform the Internal System Design
09/01/96 -- Perform Construction (coding)
10/01/97 -- Perform system testing, identify and resolve problems
11/08/97 -- Train users
11/15/97 -- Cut-over to the new system

TECHNICAL FEATURES

This initiative will use the electronic report distribution (ERD) software acquired as part of the statewide accounting system standard, WISMART . This use of technology was the most cost-effective solution. Other technology explored was: optical storage was about $.08 per microfiche page or $400,000; and a combination of DB2 tables on the Department of Administration mainframe computer for annuity fiche was $24,500 and CD-ROM technology for the APALLs, ASLCC, and closed account fiche was $305,200.

The Department was part of the WISMART pilot for use of ERD in WISMART reporting. Currently, all of the available WISMART reports are generated using the ERD technology, saving paper and allowing manipulation of the data in the reports. Since this technology is operational in the Department, it is compatible with our Information Technology environment.

PROJECT COST DETAIL

COST ELEMENT	COST ITEM	FY 97	ONGOING
Development/ Acquisition	Convert 1099R Fiche	$105 (ADB staff) $ 80 (CPU)	$52 (ADB staff) $40 (CPU)
	Convert ETF Closed Accts Alpha Fiche	$105 (ADB staff) $ 80 (CPU)	
	Convert ETF Closed Accts SS# Fiche	$105 (ADB staff) $ 80 (CPU)	
	Convert ETF Closed Accts Tchr # Fiche	$105 (ADB staff) $ 80 (CPU)	
	Convert Monthly Annuity Fiche	$105 (ADB staff) $ 80 (CPU)	
	Convert Year-End Annuity Fiche	$105 (ADB staff) $ 80 (CPU)	
	Convert Monthly ASLCC Fiche	$105 (ADB staff) $ 85 (CPU)	
	Convert Year-End ASLCC Fiche	$105 (ADB staff) $ 80 (CPU)	$53 (ADB staff) $40 (CPU)
	Convert Annual PAL Fiche	$105 (ADB staff) $ 80 (CPU)	$52 (ADB staff) $40 (CPU)
*Note: ADB Programmer/Analyst @26.35 for 4 hours.			
Total Costs		$1665	$277

INTANGIBLE BENEFITS

Unmeasured benefits: Customer comments will continue to be a valuable resource for improving our delivery and enhancement of services. On-line access of information should reduce the time required to verify information. Department employes will have the same formats used in the microfiche system, therefore minimizing training time. In addition, employes will have access to the electronic image system for participant records. Their monitors will have the capability to display information simultaneously through the use of a split screens.

The ERD system is capable of transferring information to wordprocessing systems without rekeying of information

Measured benefits: The on-line system will have the management reporting capability to determine number of inquiries and usage of the reports.

OTHER SAVINGS

Currently there are 2,080 look-ups per week using the annuity microfiche. Each look-up takes appropriately 5 seconds. The conversion of the microfiche to the on-line system would produce an annual savings of approximately 180 hours per year. It is estimated that the savings accumulated for the APAL, ASLCC, closed account, 1099R, and records center fiche is approximately 4,200 look-ups per week. Each look-up takes approximately 5 seconds. The conversion to an on-line system should free-up about 350 hours per year. The freed-up staff time will be used to work on their work backlogs.

The freed-up staff time will be used to answer in-coming phone calls, in an effort to reduce busy signal rate of between 50 - 80%. The staff savings meets the business objective for efficient, high quality automated processes for delivery of quality service through efficient operations and effective use of automation.

AVOIDED COSTS

The workload of the Department continues to increase dramatically as our programs become more complex due to changes in state and federal law, the covered population continues to age, our overall participant numbers increase, and their demand for more sophisticated financial services continues to grow. The ratio of 2.7 active employes to 1.2 retirees is projected to be 1.8 actives to 1.2 retirees by 2005. The Department workload will increase as more active employes retire.

The use of automation in our reengineering plans, coupled with our electronic document management image and workflow, is expected to minimize the need for new positions to handle the increased workload.

PROJECT NAME: Retirement Annuity Calculations

DESCRIPTION

The Division of Information Technology (DoIT) will develop an automated system to calculate retirement annuity benefits. The current process is time consuming, manual, and paper intensive. Each year, approximately 3,750 participants are placed on estimated annuity and 850 participants receive direct-final annuities.

MISSION

The automated annuity calculation system for retirees placed on estimated payroll will provide improved service through better customer service resulting from the streamlined process. The automated system will generate an annuitant file maintenance form which will serve as the input document to the current annuity system until it is converted. The process will also access automated tax tables, eliminating manual look-ups and entry on the paper file maintenance form. Insurance information for life and health premium will be manually entered until reengineering of these systems is completed.

The automated annuity calculation system for retirees going on direct-final annuities will provide improved service through better customer service resulting from automated closure of the applicant's account on the WEBS Participant system, eliminating the manual completion of the file maintenance form and the automatic production of a notice to the applicant providing the details of the final calculation, saving manual completion of this notice. WEBS remains the Department's primary relational database that provides the information necessary to maintain services to over 414,500 Wisconsin Retirement System (WRS) participants and 1,200 employers.

Both components will:

- Eliminate risk of manual calculation errors.
- Increase productivity by reducing manual efforts to enable staff to increase the number of other functions they perform within the same timeframe, such as auditing completed calculations, responding to written and telephone inquiries, etc.
- Integrate with the WEBS data system.

PRIORITY

Automating the retirement annuity calculations process is a major effort to achieve the Department's business goal (#1 of 7) of providing immediate access to complete and accurate information to deliver timely service. It will also assist Department in achieving its business goal (#2 of 7) of having fair, accessible, cost-efficient and timely administration of benefit plans. The automated annuity calculations project is a high priority project in the strategic I.T. plan and

is scheduled to start in FY97. The project is dependent on imaging and workflow implementation, the existence of the WEBS database tables that will be used to replace the Annuity File, and law/rule changes to reduce the 90-day advance period for application for retirement.

TIMETABLE

Estimated duration: 10.8 months

07/01/96 -- Perform the External Design including analysis and scope
08/01/96 -- Perform the Internal System Design
11/01/96 -- Perform Construction (coding)
03/01/97 -- Perform system testing, identify and resolve problems
05/01/97 -- Train users
06/01/97 -- Cut-over to the new system

PROJECT COST DETAIL			
Cost Element	**Cost Item**	**PY1 FY97**	**Ongoing**
Development/Acquisition Staff - Application Design, Program, Test, Implement, Follow-up	CPU Costs - 2 programmer/analysts @ $4,000.00/month for 10.8 months	$86,400.00	
	CPU Costs - 2 programmer/analyst @ $4,000.00/month for 7.2 months	$57,600.00	
	2 Programmer/Analysts @ 25/hr for 1080 hrs	$55,000.00	
	2 Programmer/Analysts @ 25/hr for 720 hrs	$36,000.00	
	6 User staff @20.00 for 80 hrs	$9,600.00	
Total Costs		$248,460.00	

PROJECT COST SUMMARY	
Cost Element	**PY1 FY 96**
Development/Acquisition	$248,460.00

INTANGIBLE BENEFITS

Retirement estimated payroll: Staff time savings on each automated processing of an annuity on estimated payroll is expected to be approximately 20 minutes. That is, the time spent in completing one or two paper forms (ET-7201). This staff time savings will be used to offset the expected increase in the workload due to the projected increase in the next several years of "baby boomer" retirements.

Direct-final retirement annuities: The processor will be used for 75% of these types of calculations. The processor will complete automated closure of the applicant's account on the WEBS participant system, thus manual completion of the bridge form will no longer be necessary. For direct-final annuities, the processor will produce a notice providing the details of the manual calculation, thus eliminating the manual completion of this notice. Staff time on each automated processing of a direct-final annuity would be approximately 60 minutes. This staff time savings will be used to offset the expected increase in the workload due to the projected increase in the next several years of "baby boomer" retirements.

25% of the direct-final retirement annuities would require manual calculations due to complexity.

AVOIDED COSTS

The Department anticipates that the increase in staff required to meet expected workload to be minimized due to use of technology. That is the use of an electronic document image system and ERD reporting.

PROJECT NAME: Retirement Annuity Re-Calculations

DESCRIPTION

The Division of Information Technology (DoIT) will develop an automated system to automate: 1. Recalculation of retirements that have been initiated on an estimated basis and are ready for the final calculation and account closure because final service and earnings have been reported by the employer; and 2. Recalculation of final retirement annuities when an adjustment to final service and earnings is reported by the employer, usually due to contract settlements, or referral for write-off after reviewing an adjustment which results in a benefit correction of less than $2 per month. The current process is time consuming and a manual paper intensive process.

MISSION

The system will provide improved service in the following ways:

- Better customer service resulting from a streamlined process. The current re-calculation process can take up to three months to complete. This delay is partially attributable to the current notification process staff must rely on to alert them that a recalculation is necessary. Potentially, the automated process can reduce this time period to 1 month.

- Eliminate risk of manual calculation errors.

- Increased productivity. Reduction of the manual effort may enable staff to increase the number of other functions they perform within the same timeframe, e.g. auditing completed re-calculations.

- Integration with the WEBS data system. WEBS remains the Department's primary relational database that provides the information necessary to maintain services to over 414,500 Wisconsin Retirement System (WRS) participants and 1,200 employers.

PRIORITY

Developing the automated retirement annuity re-calculation process will help achieve the Department's business goal (#1 of 7) of providing immediate access to complete and accurate information to deliver timely service. It will also help achieve the Department's business goal (#2 of 7) of fair, accessible, cost efficient and timely administration of benefit plans. The project is dependent on the existence of the WEBS database tables that will be used to replace the Annuity File.

TIMETABLE

Estimated duration: 8.4 months

03/01/97 -- Perform the External Design including analysis and scope
06/01/97 -- Perform the Internal System Design
08/15/97 -- Perform Construction (coding)
10/20/97 -- Perform system testing, identify and resolve problems
11/22/97 -- Train users
12/15/97 -- Cut-over to new system

INTANGIBLE BENEFITS

Final calculation of estimated retirement benefits: This processor will automatically compute a final version of approximately 75% of the 3, 750 annuities started on an estimated basis annually. In addition to calculating final benefit amounts and generating an input form for the existing annuity file, this processor will close the annuitant's retirement account through an automated link to the WEBS participant system and produce a notice to the annuitant with details of the final calculation. The remaining 25% of benefits will be manual calculations because of complexity of employment history or uniqueness of the account.

Staff time saved on each automated final calculation is anticipated to be 75% of the time required to compute and audit a final annuity or about 1 hour.

Retirement annuity corrections: This processor will review the retirement annuity being paid from an account which has an adjustment made to the final service or earnings. If the correction to the benefit exceeds writeoff criteria, the processor will complete a recalculation of the annuity and produce the same forms required for the final calculation of estimated benefits. If the correction would be below the writeoff criteria, the processor will produce a notice to the Department's Office of the Controller that the adjusted account balances should be written off. The average number of retirement annuities corrected annually 240. If 75% could be recalculated by using this processor, there would be 189 automated annuity recalculations per year. Each correction takes about 45 minutes to complete manually.

Approximately 350 annuities are reviewed annually with the adjusted account balances written off because they produce a correction below statutory requirements. If 75% of these were written off by the processor, about 260 benefits would not require staff review. This would save approximately 20 minutes per benefit.

The staff saving would be used to offset increased workload and the expected user development time required for the conversion of the annuity file.

PROJECT COST DETAIL			
Cost Element	**Cost Item**	**PY/FY97**	**Ongoing**
Development/ Acquisition Staff - Application Design, Program, Test, Implement, Follow-up	CPU Costs - 3 programmer/analyst @ $4,000.00/month for 2.8 months	$33,600.00	
	3 Programmer/Analysts @ 26.35/hr for 280 hrs	$22,134.00	
	6 User staff @ $20.00 for 20 hrs	$2,400.00	
Total Costs		$58,134.00	

Note: This project will take 2 fiscal years, and the costs here represent the first 30% of the project that will be completed in FY97.

PROJECT COST SUMMARY	
Cost Element	**PY/FY 97**
Development/Acquisition	$58,134.00
Total Costs	$58,134.00

AVOIDED COSTS

The staff savings would offset increases in position and additional limited-term, extra-hours, and overtime needed for the external and internal design phases of the annuity file conversion

PROJECT NAME: WEBS Development/ Enhancements - FY97

DESCRIPTION

The Division of Information Technology (DoIT) has an on-going project to continue development and enhancements to the WEBS data system. These changes are required to comply with legislative mandates, Department of Administration mandates or standards, and internal requests and needs designed to provide greater efficiencies in service, staff time, and to maintain the integrity of the WEBS database.

MISSION

The enhanced system(s) will provide improved service in the following ways: better customer service, more efficient use of staff time and resources, data processing consistencies, reduced risk of system failures, data integrity, reduced need to perform custom file maintenance, compliance with state and federal legislative mandates, and compliance with Department of Administration initiatives and standards.

PRIORITY

Continuing to develop and enhance the WEBS system will help achieve the Department's business goal (#1 of 7) of providing immediate access to complete and accurate information to deliver timely service. It will also assist the Department in achieving its business goal (#5 of 7) of having quality and timely communication with all stakeholders. The WEBS development/enhancement effort includes high priority projects in the strategic I.T. plan like LPAR consolidation, reduction in the current maintenance list and procedures, and statewide technologies which started in FY95/FY96. This project is dependent on any changes needed to satisfy the requirements identified in the above description section.

TIMETABLE

Estimated duration: 12 months

PROJECT PLANS

Detailed project plans are available upon request.

PROJECT COST DETAIL			
Cost Element	**Cost Item**	**FY 97**	**Ongoing**
Development/Enhancement projects: 1. Delete incorrect ssno 2. 40.65 Duty Disability Conversion - phase II 3. Disability Terminations	CPU Costs - 2 programmer/analysts @ $6,000/month for 12 months 2 x 6,000 x 12	$144,000.00	
4. Benefit Bridge Disability Impact Report 5. Report date/ Action date 6. National change of address for Statements of Benefit 7. SOB design document			
8. Internal enrollment 9. Empr status validation 10. Active lives with death dts 11. Date validation			
12. Trans file totals 13. Suspense trans - total eerc 14. Chg incorrect trans code 15. Lost contact dt = term dt 16. Ben eff dt edit			
Total Costs		$144,000.00	

COST BY PROJECT: FY96/97

COST ELEMENT	**CPU COST/ SUPPLIES AND SERVICES** (Rounded to the nearest $100)
Annuity Mailer Revisions	$ 14,000
General Inquiry On-line Access to Customer Service	$ 700
Retirement Annuity Calculations	$144,000
Retirement Annuity Re-calculations	$ 33,600
WEBS Development/Enhancements	$144,000
Total	$336,300